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Classified By: POL M/C James L. Wayman. Reasons 1.4 (b), (d).

11. (SBU) Please disregard SEOUL 01542. Amended version corrects place names.

12. (C) Summary: Local politics and preparations for next year's local elections dominated discussions during poloff's September 10-11 trip to North Jeolla Province (Jeonbuk). Political staffers in the area, which constitutes the heart and soul of the Democratic Party (DP), seemed uninterested in divisive national problems -- like media reform and irregular workers -- and were very much focused on issues closer to home. Much of poloff's discussions focused on how to stimulate the local economy, usage of Saemangeum (an extensive land reclamation project), and plans for merging municipalities. With the notable exception of Jeonju, interlocutors were approving of Chung Sye-kyun's leadership of the DP and wanted party unity but cited concern that Jeonju Representative and former DP presidential candidate Chung Dong-yong would use his independent status to start his own party. This seemed a greater concern than the recent separatist moves of Roh Moo-hyun supporters within the DP who some local politicians felt were too weak to break away. End Summary.

13. (C) Comment: Local politicians were completely preoccupied with local issues and seemingly uninterested in traditional DP policy objectives. For example, discussion of North Korea was completely absent and even criticism of the government was tempered, in no small part because of President Lee Myung-bak's decision to allow Saemangeum to be used for industrial development. Poloff witnessed no evidence of anti-Americanism and was warmly welcomed at every stop, with none of the suspicion that sometimes characterizes trips outside of Seoul. Fundamentally the trip highlighted the extent to which DP efforts on a national level are divorced from the priorities of Jeolla localities. The DP's entrenched status in the Jeolla provinces, however, means the party does not have to work to keep Jeolla's support. End Comment.

Local Elections (and the Economy) Dominate

14. (C) Gimje: Chung Sung-joo, who works for Representative Choi Kyu-sung, said his office is already gearing up for the local elections set to take place on June 2, 2010. Chung explained that Gimje is the only city in Jeonbuk with an Independent instead of a Democratic Party member as mayor. The current mayor was formerly a member of the Grand National Party (GNP) and still tends to lean in that direction. Consequently, it is very important to Representative Choi that a DP member be elected in that position. If the current

mayor is re-elected, Chung said, it would indicate that DP lawmakers lack sufficient influence in the area.

¶15. (C) Gwangju: Gwangju City Chapter Spokesman Lee Cheong-nam and Deputy Secretary General Wi Seong-bu said the two biggest issues for residents of Gwangju were the economy and the debate about the city's new Cultural Hall. Both the economy and democracy had suffered since President Lee was elected, they said, and Gwangju now had the highest bankruptcy rate in Korea, making economic stimulus a key issue in the elections. The city's plan to raze part of the old Provincial Building -- a landmark in the democracy movement of the 1980's -- and build a new Cultural Hall in its place sparked protests from local residents who insisted that the building should be preserved in its current form. The city had reached a compromise with community leaders, but both Lee and Wi expressed concern that the "government" (presumably the GNP) and the far left Democratic Labor Party would try to use the issue for political gain in the local elections. Nevertheless, they expected the DP to win by a landslide next June and explained that the outcome is very important because of the possible impact this momentum could have on the 2012 general elections.

¶16. (C) Iksan: Representative Cho Bae-suk's local Chief of Staff, Kook Hyuk, said that Cho supported the current mayor but her office was concerned that he might not be re-elected in large part because of fallout from the economic crisis. During his election, the current mayor had promised population growth fueled by increased business investment in Iksan. Difficulties in attracting businesses to the locality prevented the mayor from achieving this goal. Presenting the mayor with additional difficulties was a downsized budget for the national food cluster -- Iksan's effort to build an industrial complex for food-related industries -- because federal funding was diverted to President Lee's Four Rivers Development project.

¶17. (C) Gunsan: Kim Su-min, local Chief of Staff to Representative Kang Bong-kyun, said that the gubernatorial and mayoral races will be the ones to watch next June. Kang was approached to run for Jeonbuk Governor, but the lawmaker was not interested, according to Kim. Kim said that Kang is most concerned about Gunsan's economic development. The city already hosts an industrial complex and has plans for a new complex in the Saemangeum reclamation area. City officials have also been in talks with Kunsan Air Base about allowing the joint use airport to accommodate international flights in anticipation of development in Saemangeum.

Jeonbuk Wants Party Unity; Jeonju Wants Prestige

¶18. (C) With a few exceptions, most party officials polled wanted to see more party unity within the DP and supported party Chief Chung Sye-kyun's leadership. Chung Sung-joo from Gimje said that people in Jeolla supported Chung Sye-kyun, who has placed an emphasis on the need to achieve party harmony. Gwangju officials agreed and Wi Seong-bu noted that Chung Sye-kyun had visited Gwangju several times and the people were very supportive. Both Chung Sung-joo and Wi Seong-bu insisted that there was no animosity within the party and that differences were being handled peacefully. Wi said that, if there were an intra-party problem, the people would protest.

¶19. (C) Nevertheless, interlocutors throughout Jeonbuk were concerned that erstwhile DP presidential candidate turned Independent (reftel A) Chung Dong-young, who represents Jeonju, would form his own party and split the Jeolla vote. Chung Sung-joo from Gimje noted that Chung Dong-young is very popular, a factor Chung could parlay in forming a new party with fellow Jeonju independent lawmaker Shin Gun. (NOTE: Chung Dong-young and Shin Gun are good friends and graduated from the same high school. Chung was instrumental in getting Shin elected in April's by-election. END NOTE.) Jeolla people want Chung Dong-young to rejoin the DP to avoid

splitting the party in Jeolla before the local elections; Chung Sung-joo said there was concern that the Gimje mayor would unite with Chung Dong-young and Shin. Wi Seong-bu from Gwangju acknowledged concern that the DP might split, saying that many people still viewed the party as former President Kim Dae-jung's party.

¶10. (C) By contrast, the same individuals dismissed recent efforts by supporters of former President Roh Moo-hyun to break away from the DP. Chung Sung-joo of Gimje said that most Jeonbuk people sympathized with Roh's supporters' commitment to democracy and wanted them to continue to be part of the DP. Kim Sun-min in Gunsan said the Roh faction was too weak to break away. Wi Seong-bu in Gwangju engaged in a rather complicated analysis that convinced him that fractious politics within the party could be good for the DP in the long run. He said a pro-Roh party could make inroads in Roh's hometown in South Gyeongsang Province where the DP would be unable to build support. The pro-Roh party would ultimately reunite with the DP and could actually give the party more power.

¶11. (C) Jeonju was the notable exception to calls for more unity. Jeonju city officials said that Jeolla had benefited from the two previous progressive administrations, but the lion's share had gone to Gwangju. The officials said they needed a powerful politician -- i.e., Chung Dong-young -- to ensure their city was not disadvantaged. Additionally, they said, Chung's strength lay in international affairs, which aligned with Jeonju's desire to use its tourist appeal to become an international city. The discussion made it clear that their allegiance is to Chung.

No Clear Frontrunner for Next DP Presidential Candidate

¶12. (C) In response to poloffs query about the next likely DP presidential candidate, Wi Seong-bu in Gwangju said that a couple weeks before he would have said liberal academic Chung Un-chan, who was recently named as President Lee's pick for Prime Minister. Wi said the party was lucky to have found out what an opportunist Chung Un-chan was before exerting too much energy making him the next candidate. Lee Jeong-nam of Gwangju said that people were suspicious and thought that Chung had made a secret agreement with Lee Myung-bak because they had such different ideologies. Neither provided any alternatives as to who might be the DP presidential candidate in 2012, and Lee commented that a presidential candidate could come out of nowhere. Kim Bong-joong, professor of American History at Chonnam University in Gwangju, struggled with who might be the next candidate, but, after prodding agreed that maybe Representative Park Jie-won, a close aide to former President Kim Dae-jung, could unite the party as the legitimate heir to Kim Dae-jung's legacy.

Saemanguem: Key to Local Economic Growth

¶13. (C) Looming large over all discussions was the planned reclamation project Saemangeum (reftel B). First proposed in 1991, Saemangeum is a massive land reclamation project on the west coast that would span North Jeolla and South Chungcheong Provinces. The project, which would add 401 square kilometers of land -- roughly 2.5 times the land area of Washington, D.C. -- has been fraught with legal battles and political disagreements. On July 23, President Lee Myung-bak announced an implementation plan for Saemangeum that, much to the pleasure of the Jeonbuk politicians, allows the land to be used for industrial purposes. A local controversy erupted, however, when the Jeonbuk governor wrote an overly humble and appreciative letter to President Lee. Nevertheless, the people were so pleased with the decision, according to Jeonju officials, that they forgave the governor for the otherwise unforgivable gaffe of being too humble to a conservative president.

¶14. (C) Interlocutors in Jeonbuk saw the Saemanguem project as crucial to developing their local economies. Kim Su-min in Gunsan told poloff that local politicos are already making development plans including a casino, which they hope would bring tourists -- especially from China -- into the area. In Jeonju, they also were looking forward to the development of Saemanguem in hopes that it would result in more tourists visiting their city. Chung Sung-joo from Gimje noted that Chung Mong-joon's recent proposal to build a highway connecting Saemanguem and Pohang was very popular in Jeonbuk.

In fact, Chung said, Gimje Representative Choi Kyu-sung had previously proposed a similar plan.

Merging Municipalities

¶15. (C) Another commonly-discussed initiative was the recent efforts to merge municipalities. Of all the proposals, merging Jeongju and Wonju seemed most likely. According to Lee Won-tek in Jeonju, there has been talk of merging the two for 20 years. They were only separated, he noted, because of Japanese colonization. Now there are incentives to merge and a referendum is planned before the end of the year. A merger would help Jeonju because it is surrounded by Wonju and therefore finds its land limitation an obstacle in attracting business investment. Wonju would get Jeonju's status as a tourist destination and the new city would keep the name of Jeonju, because, Lee explained, it is better known. Jeonju people have long supported the proposed merger, but support has been lacking in Wonju. Now, however, most people in Wonju (60 percent) support the merger, and officials seemed optimistic about its inevitability.

STEPHENS